

**HARDIN COUNTY SANITARY SOLID WASTE
DISPOSAL COMMISSION**

Independent Auditors' Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2010 and 2009

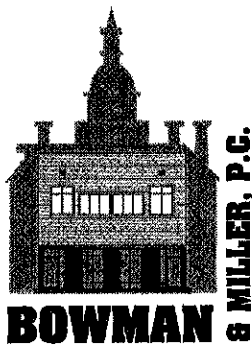
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HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Steve Hunt	Chairperson	City of Alden
Susan Ibeling	Member	City of Ackley
Don Bahr	Member	City of Buckeye
Jim Brown	Member	City of Eldora
Jim Winter	Member	City of Hubbard
Jody Anderson	Member	City of Iowa Falls
Ron Reece	Member	City of New Providence
James Nehring	Member	City of Owasa
Brad Fjelland	Member	City of Radcliffe
Marvin Veld	Member	City of Steamboat Rock
Tom Pieper	Member	City of Union
Ed Bear	Member	Hardin County
Joan Seaton	Director	



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366
4949 PLEASANT STREET • SUITE 206 • WEST DES MOINES, IOWA 50266 • 515-278-0286 • FAX 515-278-0287

James R. Bowman, CPA • jim@bowmanandmillerpc.com
Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

Independent Auditors' Report

To the Members of the Hardin County
Sanitary Solid Waste Disposal Commission:

We have audited the accompanying financial statements of the Hardin County Sanitary Solid Waste Disposal Commission as of and for the year ended June 30, 2010. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Hardin County Sanitary Solid Waste Disposal Commission as of June 30, 2009, were audited by other auditors whose report dated January 19, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hardin County Sanitary Solid Waste Disposal Commission at June 30, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2010 on our consideration of the Hardin County Sanitary Solid Waste Disposal Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress on pages 3 through 6 and page 20 are not a required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Bowman & Miller, P.C.

October 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Hardin County Sanitary Solid Waste Disposal Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2010 and 2009. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues increased 19.3%, or \$253,538, from fiscal year 2009 to fiscal year 2010.
- ◆ The Commission's operating expenses were 16.4%, or \$225,666, more in fiscal year 2010 than in fiscal year 2009.
- ◆ The Commission's net assets decreased 1.6%, or \$28,378, from June 30, 2009 to June 30, 2010.

USING THIS ANNUAL REPORT

The Hardin County Sanitary Solid Waste Disposal Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Hardin County Sanitary Solid Waste Disposal Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statements of Net Assets present information on the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Nets Assets are the basic statements of activities for proprietary funds. These statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the change in the Commission's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the Schedule of Funding Progress for the Retiree Health Plan.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. The Commission's net assets at the end of fiscal year 2010 totaled approximately \$1,790,000. This compares to approximately \$1,818,000 at the end of fiscal year 2009. A summary of the Commission's net assets is presented below.

	Net Assets	
	June 30,	
	2010	2009
Current assets	\$ 902,521	854,893
Capital assets at cost, less accumulated depreciation	1,025,210	1,057,369
Total assets	1,927,731	1,912,262
Current liabilities	127,529	87,813
Noncurrent liabilities	10,390	6,259
Total liabilities	137,919	94,072
Net assets:		
Invested in capital assets	1,025,210	1,057,369
Unrestricted	764,602	760,821
Total net assets	\$ 1,789,812	1,818,190

The unrestricted portion of the Commission's net assets (43%) may be used to meet the Commission's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment) portion of net assets (57%) are resources allocated to capital assets.

Statements of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues include interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2010 and 2009 is presented below:

Changes in Net Assets		
	Year ended June 30,	
	2010	2009
Operating revenues:		
Gate fees	\$ 950,359	713,813
County and city assessments	484,964	481,480
Recycling sales	125,617	112,987
Other operating revenues	4,730	3,852
Total operating revenues	<u>1,565,670</u>	<u>1,312,132</u>
Operating expenses:		
Payments to Rural Iowa Waste Management Association for landfill operations	844,759	621,628
Recycling center:		
Contract expense	30,952	17,750
Marketing recycling materials	5,905	15,104
Salaries and benefits	390,617	356,524
Depreciation	152,394	161,294
Non-capitalized equipment	2,873	4,702
Site maintenance	87,726	72,539
Legal and accounting	11,325	13,383
Insurance	34,328	44,966
Telephone and utilities	30,757	47,139
Office expenses	3,166	4,726
Advertising and recycling promotion	1,520	2,160
Tire recycling	2,131	7,241
Equipment repair	1,766	6,403
Uniforms	1,441	1,950
Miscellaneous	4,369	2,854
Total operating expenses	<u>1,606,029</u>	<u>1,380,363</u>
Operating loss	<u>(40,359)</u>	<u>(68,231)</u>
Non-operating revenues:		
Interest income	11,981	12,670
Insurance recovery	-	4,030
Gain on sale of capital assets	-	12,250
Net non-operating revenues	<u>11,981</u>	<u>28,950</u>
Change in net assets	(28,378)	(39,281)
Net assets beginning of year	<u>1,818,190</u>	<u>1,857,471</u>
Net assets end of year	<u>\$ 1,789,812</u>	<u>1,818,190</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a slightly negative year with a decrease in net assets at the end of the fiscal year.

In fiscal year 2010, operating revenues increased \$253,538, or 19.3%, primarily a result of gate fees increasing approximately \$237,000 due to an increase in the volume of collections. Operating expenses increased by \$255,666, or 16.4%. The increase was primarily a result of payments to Rural Iowa Waste Management Association for landfill operations increasing approximately \$223,000.

Statements of Cash Flows

The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes lease payments and the purchase of capital assets. Cash used by investing activities includes the purchase of certificates of deposit and interest income.

CAPITAL ASSETS

At June 30, 2010, the Commission had approximately \$1,025,000 invested in capital assets, net of accumulated depreciation of approximately \$1,398,000. Depreciation expense totaled \$152,394 and \$161,294 for fiscal years 2010 and 2009, respectively. More detailed information about the Commission's capital assets is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The Hardin County Sanitary Solid Waste Disposal Commission continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- ◆ Facilities at the Commission require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.
- ◆ Volatility of the recyclables markets and the effect on net processing cost and product throughput volume.
- ◆ The effect of increasing fuel and energy costs on operations.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hardin County Sanitary Solid Waste Disposal Commission, P.O. Box 425, Eldora, Iowa, 50627-1699.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Exhibit A

Statements of Net Assets June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash	\$ 589,196	572,333
Investments	203,469	205,971
Accounts receivable	80,983	68,872
Prepaid insurance	28,873	7,717
Total current assets	<u>902,521</u>	<u>854,893</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	<u>1,025,210</u>	<u>1,057,369</u>
Total assets	<u>1,927,731</u>	<u>1,912,262</u>
Liabilities		
Current liabilities:		
Accounts payable	104,190	69,595
Salaries and benefits payable	13,040	9,625
Current portion of compensated absences	10,299	8,593
Total current liabilities	<u>127,529</u>	<u>87,813</u>
Noncurrent liabilities:		
Compensated absences	<u>10,390</u>	<u>6,259</u>
Total liabilities	<u>137,919</u>	<u>94,072</u>
Net assets:		
Invested in capital assets	1,025,210	1,057,369
Unrestricted	<u>764,602</u>	<u>760,821</u>
Total net assets	<u>\$ 1,789,812</u>	<u>1,818,190</u>

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Exhibit B

Statements of Revenues, Expenses and Changes in Net Assets Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Gate fees	\$ 950,359	713,813
County and city assessments	484,964	481,480
Recycling sales	125,617	112,987
Other operating revenues	4,730	3,852
Total operating revenues	<u>1,565,670</u>	<u>1,312,132</u>
Operating expenses:		
Payments to Rural Iowa Waste Management Association for landfill operations	844,759	621,628
Recycling center:		
Contract expense	30,952	17,750
Marketing recycling materials	5,905	15,104
Salaries and benefits	390,617	356,524
Depreciation	152,394	161,294
Non-capitalized equipment	2,873	4,702
Site maintenance	87,726	72,539
Legal and accounting	11,325	13,383
Insurance	34,328	44,966
Telephone and utilities	30,757	47,139
Office expenses	3,166	4,726
Advertising and recycling promotion	1,520	2,160
Tire recycling	2,131	7,241
Equipment repair	1,766	6,403
Uniforms	1,441	1,950
Miscellaneous	4,369	2,854
Total operating expenses	<u>1,606,029</u>	<u>1,380,363</u>
Operating loss	<u>(40,359)</u>	<u>(68,231)</u>
Non-operating revenues:		
Interest income	11,981	12,670
Insurance recovery	-	4,030
Gain on sale of capital assets	-	12,250
Net non-operating revenues	<u>11,981</u>	<u>28,950</u>
Change in net assets	(28,378)	(39,281)
Net assets beginning of year	<u>1,818,190</u>	<u>1,857,471</u>
Net assets end of year	\$ <u>1,789,812</u>	<u>1,818,190</u>

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Exhibit C

Statements of Cash Flows Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from gate fees	\$ 938,248	721,665
Cash received from assessments	484,964	481,480
Cash received from recycling and other operating receipts	130,347	116,839
Cash paid to suppliers for goods and services	(1,049,578)	(856,581)
Cash paid to employees for services	(381,365)	(341,718)
Net cash provided by operating activities	<u>122,616</u>	<u>121,685</u>
Cash flows from non-capital financing activities:		
Cash received from insurance recovery	<u>-</u>	<u>4,030</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	-	(171,593)
Purchase of capital assets	(120,236)	(54,958)
Proceeds from sale of capital assets	-	13,500
Net cash used by capital and related financing activities	<u>(120,236)</u>	<u>(213,051)</u>
Cash flows from investing activities:		
Proceeds from redemption of certificates of deposit	205,971	260,000
Purchase of certificates of deposit	(203,469)	(205,971)
Interest received	11,981	20,279
Net cash provided by investing activities	<u>14,483</u>	<u>74,308</u>
Net increase (decrease) in cash and cash equivalents	16,863	(13,028)
Cash and cash equivalents beginning of year	<u>572,333</u>	<u>585,361</u>
Cash and cash equivalents end of year	<u>\$ 589,196</u>	<u>572,333</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (40,359)	(68,231)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	152,394	161,294
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(12,111)	7,852
(Increase) decrease in prepaid items	(21,156)	23,774
Increase in compensated absences	5,837	9,371
(Decrease) increase in accounts payable	34,596	(18,219)
Increase in salaries and benefits payable	3,415	5,844
Total adjustments	<u>162,975</u>	<u>189,916</u>
Net cash provided by operating activities	<u>\$ 122,616</u>	<u>121,685</u>

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements June 30, 2010 and 2009

(1) Summary of Significant Accounting Policies

The Hardin County Sanitary Solid Waste Disposal Commission was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The Commission was established for the purpose of developing, operating, maintaining and providing services in connection with a solid waste disposal facility for the units of government which are parties to the agreement. The participating units of government include the cities of Ackley, Alden, Buckeye, Eldora, Hubbard, Iowa Falls, New Providence, Owasa, Radcliffe, Steamboat Rock and Union and Hardin County.

The Commission may cooperate, contract with and accept and expend funds from federal, state or local agencies, public or semi-public, private individuals or corporations, and may carry out such cooperative undertakings and contracts as provided by law.

The Commission is composed of one representative and one alternate from each participating unit of government to be designated by that government. The Commission utilizes a vote based on one vote for each governmental unit.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Hardin County Sanitary Solid Waste Disposal Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Hardin County Sanitary Solid Waste Disposal Commission has no component units which meet the Governmental Accounting Standards Board criteria.

The Commission is a member of the Rural Iowa Waste Management Association (RIWMA), a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. The Association is composed of one member from each of the following two Commissions/Authorities: Hardin County Sanitary Solid Waste Disposal Commission and Butler County Solid Waste Commission. The purpose of the Commission is to effectively provide for the sanitary disposal of solid waste within the boundaries of Butler and Hardin Counties through the joint operation of a landfill site and the initiation of such other solid waste reduction or recycling programs as the Commissions/Authorities deem necessary and beneficial to the citizens they serve.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(1) Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

RIWMA is responsible for sanitary landfill activities. The responsibilities for hazardous waste, waste reduction, special waste and education under the Environmental Protection Act remain with each separate Commission/Authority.

In July 1994, the Hardin County Sanitary Solid Waste Disposal Commission transferred to RIWMA, under quit claim deed, its interest in the sanitary landfill and the compost facility. Upon transfer of the landfill property, RIWMA became primarily responsible for all future commitments and liabilities associated with the landfill and its operation under the permit issued in December 1994.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the Statements of Net Assets:

Cash, Investments and Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2010 and 2009 include certificates of deposit of \$203,469 and \$205,971, respectively.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land, buildings and improvements	\$25,000
Equipment and vehicles	1,500

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	20
Equipment and vehicles	3 - 10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the years ended June 30, 2010 and 2009.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets (Continued)

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement and sick leave hours for subsequent use or for payment upon retirement. The Commission's liability for accumulated vacation and sick leave hours has been computed based on rates of pay in effect at June 30, 2010 and 2009.

(2) Cash and Investments

The Commission's deposits in banks at June 30, 2010 and 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Pension and Retirement Benefits

The Commission contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the Commission is required to contribute 6.65% of covered salary. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$17,683, \$15,322 and \$14,118, respectively, equal to the required contributions for each year.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(4) Other Postemployment Benefits (OPEB)

The Commission implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions during the year ended June 30, 2010.

The Commission participates in the Hardin County post retirement medical plan (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 8 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The Commission's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Commission, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Commission's annual OPEB cost for the year ended June 30, 2010, the amount actuarially contributed to the plan and changes in the Commission's net OPEB obligation:

Annual required contribution	\$ 19,630
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	19,630
Contributions made	-
Increase in net OPEB obligation	19,630
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ <u>19,630</u>

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(4) Other Postemployment Benefits (OPEB) (Continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized below:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$19,630	0%	\$19,630

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$61,834, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$61,834. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$245,221 and the ratio of the UAAL to covered payroll was 25.2%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projection of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return rate based on the Commission's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(4) Other Postemployment Benefits (OPEB) (Continued)

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from retirement possibilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$643 per month for retirees less than age 65 and selecting the Alliance Select program and \$583 per month for retirees less than age 65 and selecting the Blue Advantage program. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(5) Capital Assets

A summary of capital assets at June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 100,000	—	—	100,000
Capital assets being depreciated:				
Buildings	1,257,973	—	—	1,257,973
Equipment and vehicles	995,394	120,235	50,691	1,064,938
Total capital assets being depreciated	2,253,367	120,235	50,691	2,322,911
Less accumulated depreciation for:				
Buildings	596,213	62,899	—	659,112
Equipment and vehicles	699,785	89,495	50,691	738,589
Total accumulated depreciation	1,295,998	152,394	50,691	1,397,701
Total capital assets being depreciated, net	957,369	(32,159)	—	925,210
Total capital assets, net	\$ 1,057,369	(32,159)	—	1,025,210

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(6) Closure and Postclosure Care (Continued)

The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure.

Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

Upon transfer of the landfill property to the Rural Iowa Waste Management Association (RIWMA), RIWMA became primarily responsible for all future commitments and liabilities associated with the landfill and its operations. However, according to the Commission's attorney, neither 28E provisions nor Commission resolutions can alter the legal responsibility of any prior owners of landfill sites with regard to the above EPA requirements. Accordingly, the Commission remains contingently liable for the closure and postclosure care costs. At June 30, 2010, these costs are estimated at \$3,182,100 and RIWMA has elected to demonstrate financial assurance for these costs by using three financial assurance mechanisms totaling \$3,238,575, resulting in an overage of \$56,475. Currently, RIWMA has designated an additional investment for the financial assurance dedicated fund in a sufficient amount for financial assurance.

(7) Risk Management

The Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(7) Risk Management (Continued)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Commission's contributions to the Pool for the years ended June 30, 2010 and 2009 were \$22,909 and \$31,491.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2010 and 2009

(7) Risk Management (Continued)

However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$1,000,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Date of Management Evaluation

Management has evaluated subsequent events through October 29, 2010, the date on which the financial statements were available to be issued.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 61,834	\$ 61,834	0.00%	\$ 245,221	25.2%

See Note 4 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366
4949 PLEASANT STREET • SUITE 206 • WEST DES MOINES, IOWA 50266 • 515-278-0286 • FAX 515-278-0287

James R. Bowman, CPA • jim@bowmanandmillerpc.com
Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

Independent Auditors' Report on
Internal Control over Financial Reporting and on Compliance and Other Matters
Based on Audits of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Hardin County Sanitary
Solid Waste Disposal Commission:

We have audited the accompanying financial statements of the Hardin County Sanitary Solid Waste Disposal Commission as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hardin County Sanitary Solid Waste Disposal Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hardin County Sanitary Solid Waste Disposal Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hardin County Sanitary Solid Waste Disposal Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Hardin County Sanitary Solid Waste Disposal Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in the Hardin County Sanitary Solid Waste Disposal Commission's internal control described the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency, is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hardin County Sanitary Solid Waste Disposal Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Hardin County Sanitary Solid Waste Disposal Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit the Hardin County Sanitary Solid Waste Disposal Commission's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Hardin County Sanitary Solid Waste Disposal Commission and other parties to whom the Commission may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Hardin County Sanitary Solid Waste Disposal Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

October 29, 2010

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Schedule of Findings Years ended June 30, 2010 and 2009

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties, which are incompatible. The payroll checks are processed and signed by the Commission's outside bookkeeping service.

Recommendation -- We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its operating procedures and consider having the Commission's manager sign all checks, including payroll checks, and have all checks flow through the Commission's bank account.

Response – Due to the limited number of office employees, segregation of duties is very difficult. We will consider signing all checks and having them flow through our bank account.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses – No expense we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Board Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

HARDIN COUNTY SANITARY SOLID WASTE DISPOSAL COMMISSION

Staff

This audit was performed by:

BOWMAN & MILLER, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

James R. Bowman, CPA
Sarah L. Goodman, CPA
Diana S. Swanson, Staff
Nathan P. Minkel, Staff